

**REPORT OF THE AUDIT OF THE  
KENTUCKY ARTISAN CENTER AT BEREA**

**For The Fiscal Year Ended  
June 30, 2004**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

Board of Directors  
Kentucky Artisan Center at Berea  
P. O. Box 280  
Berea, Kentucky 40403

Independent Auditor's Report

We have audited the accompanying financial statements of the Kentucky Artisan Center at Berea (Center), a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2004. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Kentucky Artisan Center at Berea as of June 30, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Board of Directors  
Kentucky Artisan Center at Berea  
(Continued)

In accordance with Government Auditing Standards, we have also issued our report dated October 1, 2004, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
October 1, 2004

**KENTUCKY ARTISAN CENTER at BEREA****MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Management's discussion and analysis of the financial performance of the Kentucky Artisan Center at Berea (Center) provides an overview of the financial activities of the Center for the year ended June 30, 2004, and should be read in conjunction with the financial statements.

The Center was created as an economic development initiative to encourage educational and cultural activities, public gatherings, and retail sales of Kentucky artisan arts and crafts. The operations of the Center began in July of 2003.

The Center is accounted for as an enterprise fund, reporting on all of the activity's assets and liabilities using the accrual basis of accounting much like a private business activity. Because the Center provides a financial benefit to the Commonwealth of Kentucky, it is being reported as part of the Commonwealth's reporting entity in the Comprehensive Annual Financial Report (CAFR) as a discretely presented component unit. This annual report consists of a series of financial statements, along with explanatory notes to the financial statements and supplemental schedules.

As this facility was newly opened July 30, 2003, there is no point of comparison for assets, liabilities, revenues or expenses. Although comparison of significant accounts is not feasible, we have provided summary information for the reader. Comparative analysis will be provided in future years when prior year information is available.

**Financial Highlights**

- The \$8.5 million facility opened to the public in July 2003.
- During our first year of operation, operating revenues (\$2.148 million) exceeded operating expenses (\$1.539 million) by \$609,692.
- Total income before contributions from the state, net of nonoperating expenses amounted to \$168,169. As a result, ending net assets amounted to \$9.704 million.

**Overview of Financial Statements**

The Statement of Net Assets presents information on all of the Center's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how the Center's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

KENTUCKY ARTISAN CENTER at BEREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

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The Statement of Cash Flows presents the receipts and usage of cash and cash equivalents. Only transactions that affect the Center's cash account typically are reported in the Statement of Cash Flows.

The notes to the financial statements provide additional information that is essential to fully understanding the data provided in the statements.

### Financial Analysis

Net assets may serve over time as a useful indicator of the Center's financial position. For the fiscal year ended June 30, 2004, assets exceeded liabilities by \$9,703,730. The largest portion of the Center's net assets (86%) reflects its investment in capital assets (i.e., land, buildings, equipment, and fixtures). (See Figure A)

- Total Assets

Total assets consist primarily of cash and cash equivalents, investments, inventories, and capital assets. Table 1 below reflects asset activity.

#### Capital Assets

As a newly opened facility, the Center's investment in capital assets was substantial. Funding for the purchase of significant capital assets was provided by the Commonwealth of Kentucky, as part of the biennial budget, appropriated by the legislature in 1998 and 2000. Capital assets include buildings, kitchen equipment, maintenance equipment, decorative window panels, furnishings, retail fixtures, and data processing equipment.

Capital assets net of accumulated depreciation amounted to \$8.485 million. See Note 4 for additional information related to capital assets.

- Total Liabilities

Liabilities totaled \$109,332, and include accounts payable, compensated absences, and deferred revenue. Deferred revenues consist of unexpired gift certificates and room rental fees collected in FY 04 for events that will be held in FY 05.

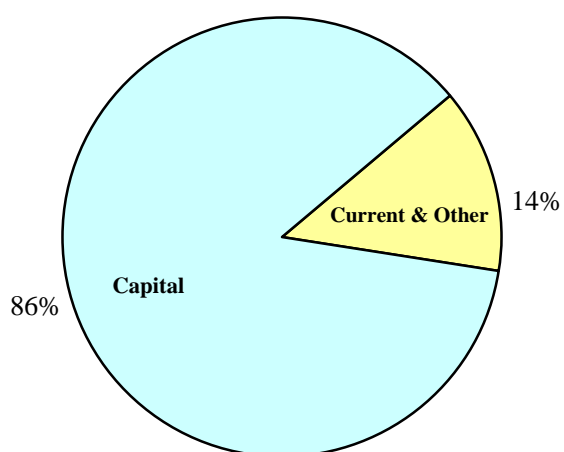


KENTUCKY ARTISAN CENTER at BEREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

**Table 1**  
**KENTUCKY ARTISAN CENTER at BEREA**  
**Net Assets**  
**June 30, 2004**

Current and other assets	\$1,327,110
Capital Assets	<u>8,485,952</u>
Total Assets	9,813,062
Current Liabilities	61,980
Non-Current Liabilities	<u>47,352</u>
Total Liabilities	109,332
Net Assets	
Invested in Capital Assets	8,485,952
Unrestricted	<u>1,217,778</u>
Total Net Assets	<u><u>\$9,703,730</u></u>

**Figure A.**  
**Kentucky Artisan Center at Berea**  
**Assets**



KENTUCKY ARTISAN CENTER at BEREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

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Operating and Nonoperating Revenues

The major source of funding (\$1,214,754 or 56%) is assistance provided by the state for operating purposes. Revenues generated from the Center's sales and services of Kentucky artisan arts and crafts totaled \$918,788 (43%). Non-operating revenues include interest income of \$98,877. (See Figure B)

Operating and Nonoperating Expenses

The majority of operating expense is attributable to payroll costs (\$547,095 or 36%) and costs of sales (\$470,108 or 31%). During FY 2004, the Center expensed \$160,067 of equipment, furniture, and fixtures in accordance with the state's fixed asset capitalization policy, which permits the expensing of assets costing less than \$5,000 (See Note 2 for details). Non-operating expenses include transfers of \$540,400 from the Center to the Commonwealth's general fund at the close of fiscal year 2004. (See Figure C)

Capital Contributions

Amounts included as capital contributions include the state's contribution for funding the cost of the facility, as well as the Center's initial operational activities, and inventory for resale.

KENTUCKY ARTISAN CENTER at BEREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

Changes in Net Assets

**Table 2**  
**KENTUCKY ARTISAN CENTER at BEREA**  
**Changes in Net Assets**  
**June 30, 2004**

<b>Operating Revenues:</b>	
Operating Grants	\$ 1,214,754
Charges for Sales and Services	918,788
Other Revenues	15,045
<b>Total Operating Revenues</b>	<u>2,148,587</u>
<b>Operating Expenses:</b>	
Payroll	547,095
Cost of Sales	470,108
Equipment, Furniture, and Fixtures	160,067
Depreciation Expense	141,400
Advertising and Promotion	62,354
Supplies	55,749
Utilities and other services	48,779
Rentals	10,055
Postage	9,253
Travel	7,564
Other	26,471
<b>Total Operating Expenses</b>	<u>1,538,895</u>
<b>Operating Income</b>	<u>609,692</u>
<b>Nonoperating Revenues (Expenses):</b>	
Interest Income	98,877
Budget Reduction Initiative	(540,400)
<b>Total Nonoperating (Expenses)</b>	<u>(441,523)</u>
Income Before Contributions	168,169
Capital Contributions	<u>9,535,561</u>
Change in Net Assets	9,703,730
Total net assets - beginning	
Total net assets - ending	<u><u>\$ 9,703,730</u></u>

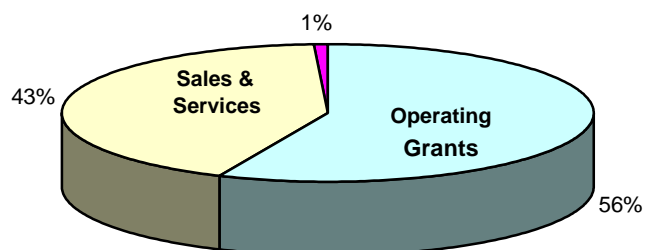
KENTUCKY ARTISAN CENTER at BERE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

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**Figure B**

**Kentucky Artisan Center at Berea**

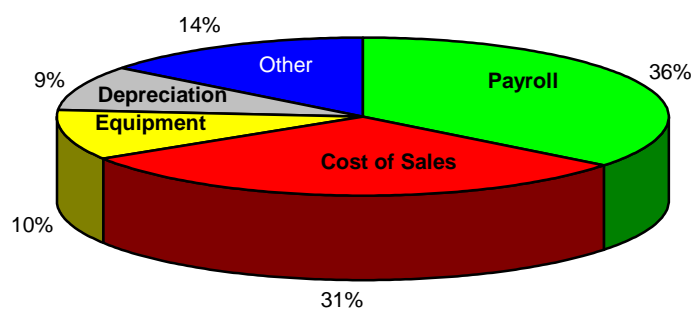
**Revenue Sources**



**Figure C**

**Kentucky Artisan Center at Berea**

**Operating Expenses**



KENTUCKY ARTISAN CENTER at BEREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

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Economic Factors

The Center anticipates receipt of \$300,000 state financial assistance in FY 2005 for the cost of operations. Operating expenses will be closely monitored by the Center in order to maximize operating profits.

The Center has made no capital construction budget requests for the near future.

Requests for Information

This financial report is designed to provide the public and other interested parties with an overview of the financial results of the Center's activities and to show the Center's accountability for the revenue that it generates. If you have any questions about this report or need additional financial information, contact the Commerce Cabinet, Department of Parks.

KENTUCKY ARTISAN CENTER at BEREA  
STATEMENT OF NET ASSETS

June 30, 2004

**ASSETS**

Current Assets:

Cash and Cash Equivalents (Note 2, Note 3)	\$ 68,682
Investments (Note 3)	967,479
Inventories (Note 2)	290,949
Total Current Assets	<u>1,327,110</u>

Noncurrent Assets:

Capital Assets (Note 4):

Land	1,139,000
Building	6,550,193
Equipment	640,965
Fixtures	297,194
Less: Accumulated Depreciation	<u>(141,400)</u>
Total Noncurrent Assets	<u>8,485,952</u>
<b>Total Assets</b>	<u><u>9,813,062</u></u>

**LIABILITIES**

Current Liabilities:

Accounts Payable	54,828
Compensated Absences	5,921
Deferred Revenue	1,231
Total Current Liabilities	<u>61,980</u>

Noncurrent Liabilities:

Compensated Absences	<u>47,352</u>
Total Noncurrent Liabilities	<u>47,352</u>
<b>Total Liabilities</b>	<u><u>109,332</u></u>

**NET ASSETS**

Invested in Capital Assets, net of related debt	8,485,952
Unrestricted	1,217,778
<b>Total Net Assets</b>	<u><u>\$ 9,703,730</u></u>

The accompanying notes are an integral part of the financial statements.

KENTUCKY ARTISAN CENTER at BEREA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

For The Year Ended June 30, 2004

**Operating Revenues:**

Operating Grants	\$ 1,214,754
Charges for Sales and Services	918,788
Other Revenues	<u>15,045</u>
<b>Total Operating Revenues</b>	<u><u>2,148,587</u></u>

**Operating Expenses:**

Payroll	547,095
Cost of Sales	470,108
Equipment, Furniture, and Fixtures	160,067
Depreciation Expense	141,400
Advertising and Promotion	62,354
Supplies	55,749
Utilities and other services	48,779
Rentals	10,055
Postage	9,253
Travel	7,564
Other	<u>26,471</u>
<b>Total Operating Expenses</b>	<u><u>1,538,895</u></u>

**Operating Income**

609,692

**Nonoperating Revenues (Expenses):**

Interest Income	98,877
Budget Reduction Initiative	<u>(540,400)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u><u>(441,523)</u></u>

Income Before Contributions 168,169

Capital Contributions	<u>9,535,561</u>
Change in Net Assets	9,703,730
Total net assets - beginning	<u>0</u>
Total net assets - ending	<u><u>\$ 9,703,730</u></u>

The accompanying notes are an integral part of the financial statements.

KENTUCKY ARTISAN CENTER at BEREA  
STATEMENT OF CASH FLOWS

For The Year Ended June 30, 2004

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 935,064
Receipts from state	1,214,754
Payments to suppliers for goods/services	(1,109,113)
Payments to employees	(471,230)
Net cash provided by operating activities	<u>569,475</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Non-operating revenues (capital contributions)	908,209
Transfers for budget reduction initiative	(540,400)
Net cash provided by non-capital financing activities	<u>367,809</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Equity in investments - investment pool	(996,076)
Interest income	127,474
Net cash used by investing activities	<u>(868,602)</u>

Net increase in cash and cash equivalents	<u>68,682</u>
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Cash and cash equivalents - beginning of year	0
Cash and cash equivalents - end of year	<u>\$ 68,682</u>

**Reconciliation of operating income to net cash  
provided by operating activities:**

Operating income	\$ 609,692
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	141,400
Net changes in assets and liabilities:	
Inventories	(290,949)
Accounts payable	54,828
Deferred revenue	1,231
Other liabilities - compensated absences	53,273
Net cash provided by operating activities	<u>\$ 569,475</u>

The accompanying notes are an integral part of the financial statements.



KENTUCKY ARTISAN CENTER at BEREA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2004

**Note 1. Organization**

The Kentucky Artisan Center at Berea was created during the Governor Paul E. Patton administration as an economic development initiative. Executive Order 99-331 established the Kentucky Artisan Center at Berea for the purpose of hosting various educational exhibitions, public gatherings, cultural activities, generating retail sales of arts and crafts, and hosting other cultural activities for the state of Kentucky. The Center is designed to be an economic generator both on site through sales and throughout the state through referrals and information provided. Products sold are all made in Kentucky, and include crafts, arts, specialty foods, music recordings, videotapes, and books. The Center also includes a Café currently operated by a contract vendor.

The Kentucky Artisan Center at Berea is a state authority that was originally administratively attached to the Tourism Development Cabinet, and is now attached to the Department of Parks in the Commerce Cabinet.

The funds for construction of the site were appropriated by the Kentucky legislature in 1998 and 2000. The development of the Center and the oversight of its activity is provided by a thirteen (13) member board of directors, the Kentucky Artisan Center at Berea Authority Board, and assisted by numerous partnerships among cabinets within state government, with city and county government, with colleges, with other organizations and agencies, and with individuals interested in the Center's mission and goals.

The Center celebrated its grand opening on July 30, 2003.

**Note 2. Summary of Significant Accounting Policies**

Reporting Entity: The Kentucky Artisan Center at Berea has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all the organizations, activities, functions, and component units for which the Center is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the Center's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Center.

The Center has determined that no outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the Center's financial statements. In addition, since the Center provides a financial benefit for the Commonwealth of Kentucky, the Center is part of the reporting entity of the Commonwealth of Kentucky and is, therefore, included in the Commonwealth's Annual Financial Report as a discretely presented component unit. The accompanying financial statements are not intended to present the financial position or the results of operations and cash flows of the Commonwealth of Kentucky or its proprietary funds.

KENTUCKY ARTISAN CENTER at BEREA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2004  
 (Continued)

**Note 2. Summary of Significant Accounting Policies (Continued)**

Basis of Presentation: The accompanying financial statements have been prepared as an enterprise fund of the Commonwealth of Kentucky. As an enterprise fund, the Center distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the ongoing operations. The principal operating revenues of the Center are charges to customers for sales of Kentucky made products. Operating expenses include the cost of sales and services, selling and administrative expenses, marketing expenses and depreciation on capital assets. Operating income and expenses do not include revenues or expenses of the café contract vendor. The contract vendor pays for utilities for that portion of the building, including HVAC costs. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents: The Kentucky Artisan Center at Berea currently uses a commercial bank for depositing funds received from daily activity. These funds are then electronically transferred to the Commonwealth of Kentucky's depository. For financial statement purposes, the Center considers all highly liquid investments with maturity of three months or less to be cash equivalents.

Investments: The Center participates in the Commonwealth of Kentucky's investment pool, which holds investments both for its own benefit and as an agent for other related parties.

Capital Assets: Capital assets, which include property, plant, equipment and intangibles, are carried at cost less accumulated depreciation. The Center capitalizes capital assets when the useful life is greater than one year and the acquisition cost meets the capitalization threshold. All land and infrastructure is capitalized. Buildings and equipment are capitalized when the acquisition cost is \$5,000 or greater.

Depreciation on capital assets is computed using the straight-line depreciation method over their estimated useful lives of the assets. The following table summarizes the estimated useful lives used in computing depreciation:

Asset	Useful Life
Buildings and improvements	10-75 years
Machinery and Equipment	3-25 years
Furniture and Fixtures	3-25 years

Depreciation expense for the year ended 2004 was \$141,400.

Inventories: Inventories consist of Kentucky artisan crafts, arts, specialty foods, music recordings, videotapes, and books. All items held are for retail sale. Inventory costs are recorded as an expenditure at the time of purchase and include associated shipping costs. Inventories are valued at average cost as of June 30, 2004. Average cost for all items is updated continuously by the Center's point of sale software.

KENTUCKY ARTISAN CENTER at BEREA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2004  
 (Continued)

**Note 2. Summary of Significant Accounting Policies (Continued)**

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 3. Cash and Equity in Pooled Cash and Investments**

The following table categorizes the Center's cash and cash equivalents as: (1) insured or collateralized with securities held by the entity or by its agent in the entity's name, (2) collateralized with securities held by the pledging institution's trust department or agent in the entity's name, or (3) un-collateralized. As of June 30, 2004, the Center had no cash or cash equivalents in category (2) or (3).

The Kentucky Artisan Center participates in the State's cash and investment pool, which is available for use by all funds and component units under the auspices of the State Investment Commission as authorized under KRS 42.500 et al. At June 30, 2004, the carrying amount of the Center's deposits was \$1,053,527. The State's bank balance is covered by Federal Depository Insurance or by collateral held by the State or the State's agent in the State's name.

	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>	<b>Total Bank Balance</b>	<b>Carrying Value</b>	<b>Fair Value</b>
Cash	\$ 57,452			\$ 57,452	\$ 57,452	\$ 57,452
State Investment Pool	\$ 996,075			\$ 996,075	\$ 996,075	\$ 967,479
Total	\$1,053,527			\$1,053,527	\$1,053,527	\$1,024,931

KENTUCKY ARTISAN CENTER at BEREA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2004  
 (Continued)

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2004 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital Assets not being depreciated:</b>				
Land	\$ 0	\$1,139,000	\$ 0	\$ 1,139,000
<b>Total Capital Assets not being depreciated</b>	<b>\$ 0</b>	<b>\$1,139,000</b>	<b>\$ 0</b>	<b>\$ 1,139,000</b>
<b>Capital Assets being depreciated:</b>				
Building	0	6,550,193	0	6,550,193
Equipment	0	640,965	0	640,965
Fixtures	0	297,194	0	297,194
<b>Total Capital Assets being depreciated</b>	<b>\$ 0</b>	<b>\$ 7,488,352</b>	<b>\$ 0</b>	<b>\$ 7,488,352</b>
<b>Less Accumulated Depreciation for:</b>				
Building	0	87,336	0	87,336
Equipment	0	32,399	0	32,399
Fixtures	0	21,665	0	21,665
<b>Total Accumulated Depreciation</b>	<b>\$ 0</b>	<b>\$ 141,400</b>	<b>\$ 0</b>	<b>\$ 141,400</b>
<b>Net Capital Assets</b>	<b>\$ 0</b>	<b>\$ 8,485,952</b>	<b>\$ 0</b>	<b>\$ 8,485,952</b>

**Note 5. Related Party Transactions**

On occasion, board members or their organizations, colleges, or governmental units use the Center's private dining and conference rooms at no charge.

In addition, by statute two members of the Authority Board are on the staff of Berea College, and the Center purchases items for resale from Berea College's Crafts Program. The College regularly sells work wholesale to other retailers.

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

Board of Directors  
Kentucky Artisan Center at Berea  
Berea, Kentucky

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of the Kentucky Artisan Center at Berea (Center) as of and for the year ended June 30, 2004, and have issued our report thereon dated October 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of the board of directors and management of the Center and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
October 1, 2004



